GEMCORP CAPITAL

From capital gaps to investment ecosystems

REFLECTIONS FROM THE GEMCORP CAPITAL PRIVATE MARKETS SYMPOSIUM

At Christ Church, Oxford, delegates explored what makes private capital effective in emerging markets. One message defined the day: supplying capital is only the beginning. Productive investment also depends on local knowledge, disciplined structures and institutions capable of connecting capital with opportunity.

On September 8, Gemcorp Capital welcomed the next generation of emerging-market asset owners to Christ Church for its inaugural Private Markets Symposium. The setting was academic, but the discussion remained grounded in the practical decisions facing investors: how to assess risk, how to structure capital and how to build portfolios that meet their obligations while having wider economic and societal benefits.

The programme covered the foundations of private equity, private credit and infrastructure, moving into trade finance, insurance and the perspectives of a development finance institution, a sovereign wealth fund and a pension fund.

Marc Kitten, Founding Partner of Candesic Strategy Consultants and Visiting Professor in Finance at Imperial College London, provided the connecting thread through the morning sessions. He set the wider context on the growth of private markets as well as providing introductions to private equity, private credit and infrastructure, allowing each asset class to be considered both on its own terms and through an emerging-market lens.

Professor Sir Paul Collier closed the day by asking how African investment institutions can help local firms grow. Viewed together, the sessions amounted to something bigger than a tour of asset classes. They described the components of a well-functioning investment ecosystem.

BEYOND THE CAPITAL GAP

Discussions about emerging markets often start with the size of the funding shortfall. The figures are substantial, whether the area is infrastructure, trade finance or insurance protection. Yet the symposium repeatedly returned to harder issues. Economic need does not automatically create an investable asset, and an available pool of money does not guarantee that capital will reach the businesses and projects able to use it well.

Felipe Berliner, Gemcorp's Co-Founder and Head of Structuring, traced the firm's origins to the retreat of international banks from emerging markets after the global financial crisis. Higher capital requirements made lending to unrated and sub-investment-grade borrowers more expensive, even as young populations and growing economies required more finance. Private capital is beginning to fill part of the space left behind.

Scarcity gives investors advantages. Fewer competing lenders support attractive pricing, stronger covenants and greater influence over a transaction. In the session on private equity, Gemcorp Capital's Vice President of Origination, Haris Alao, noted that fragmented markets can also create scope to build regional champions. However, neither scarcity nor faster economic growth removes the need for selectivity. In markets where exits can be difficult and currency risk can overwhelm otherwise sound performance, investors must establish at the outset how capital will be returned.

That point differentiated the discussion from a simple argument for directing more money towards emerging markets. The opportunity lies in closing selected gaps on terms that work for the provider and recipient of capital. Commercial viability comes first because repeatable success attracts the next round of investment.

Kitten offered a useful discipline for assessing that viability, arguing that fundraising, investment and exit should be considered together rather than as a sequence. Each decision affects the other two. In emerging markets, where public markets can be shallow and exit routes constrained, the route to capital being returned therefore needs to shape an investment from the outset.

THE ASSET MATTERS MORE THAN THE LABEL

Country classifications can be useful shorthand, but they can also conceal the sources of risk within an individual asset. Several speakers argued that investors should separate broad perceptions of emerging markets from the characteristics they can analyse, structure and monitor.

Kitten also cautioned against confusing investor access with liquidity. Evergreen structures may widen access to private markets, but redemption gates can limit withdrawals when demand for liquidity rises. Together with smoothed valuations and the absence of continuous price discovery, this makes it important to look beyond headline returns to cash realised and the terms governing an investor’s route out.

For Eihorere Wesigye, Vice President in Gemcorp’s Investments and Structuring team, private credit offers a way to build repayment options into the transaction. Gemcorp generally favours senior-secured lending, amortising structures and borrowers with access to hard-currency revenues. Amortising features mean that capital is return progressively rather than leaving the outcome dependent on a single refinancing or exit several years later. Strong information rights and enforcement analysis are equally important because the lender needs the ability to respond when circumstances change.

Gemcorp Capital Portfolio Manager Pranav Khamar applied similar thinking to infrastructure. An essential asset can remain valuable through political or economic volatility when it provides power, water or connectivity that an economy cannot do without. Contractual revenues, credible offtakers and assets that help to substitute imports can make those cash flows more resilient. In the case of renewable power, replacing imported fuel can also provide an economic basis to secure hard-currency payments.

Infrastructure is also becoming more varied as an investment opportunity. Development finance institutions have played a crucial role in bringing projects through the development and construction stage. As more assets establish a stable operating record, institutional investors may be able to enter at the recycling and optimisation stages, when binary construction risks have passed but expansion and operational improvements can still create value. The emergence of a brownfield market also matters to developers: unless early capital can realise a return, it is harder to finance the next generation of projects.

Simba Chinyemba, Chief Investment Officer of Zimbabwe’s Mutapa Investment Fund, highlighted the broader principle. Opportunity can exist where perceived risk exceeds actual risk. Local investors may recognise capabilities that an external risk model misses, including the operational expertise already present within a country. International investors bring capital and experience from other markets. Combining the two can produce a more informed assessment than either perspective alone.

STRUCTURE TURNS ACTIVITY INTO AN ASSET

The masterclasses on trade finance and insurance showed how financial structures can unlock economic activity that conventional asset-class boundaries fail to capture.

Chris Chapman, Chief Investment Officer of Imbono, reduced trade finance to a problem as old as trade itself. A seller wants assurance of payment, while a buyer wants assurance that the right goods will arrive. Letters of credit, inventory facilities and structured trade finance bridge that gap by replacing uncertain promises with documented obligations and giving lenders control over goods, receivables or cash flows.

The short duration and self-liquidating nature of many transactions can make trade finance attractive, but this apparent simplicity should not invite complacency. Documentation, collateral and monitoring must work together. Chapman described how delayed information and evasive behaviour prompted Gemcorp to withdraw from a commodity-finance exposure months before a major fraud emerged. The lesson was less about predicting misconduct than maintaining the discipline to investigate small warning signs and act before they become large losses.

Hasham Piperdy’s insurance session approached the capital gap from another direction. Insurers collect premiums before claims become payable, creating a pool of capital that can be invested against the expected duration and liquidity of their liabilities. In the US and Europe, large investment managers are increasingly bringing insurance and asset management together, using stable insurance liabilities to support long-term allocations to private credit and infrastructure.

The relevance for emerging markets is considerable. Insurance penetration remains lower than in developed markets while the protection gap is much larger. Better insurance can make households, businesses and governments more resilient, while the capital accumulated by insurers can finance investment on a huge scale. Examples such as catastrophe bonds and the African Risk Capacity demonstrate how capital-market structures can provide pre-arranged funding after defined shocks, rather than forcing governments to search for money after disaster strikes.

This opportunity will develop as regulation, data and risk-management capability in emerging markets mature. The wider message was nevertheless clear: insurance can protect economic activity and help finance it. Seen in that light, it should be seen as an integral part of the same investment system as private credit, infrastructure and trade finance.

Financial infrastructure can also address risks that transaction-level structuring cannot solve alone. Chinyemba pointed to the Victoria Falls International Financial Services Centre and its US dollar-denominated stock exchange, established within a special economic zone. The framework is designed to reduce exchange-control friction and give international investors greater confidence in their ability to repatriate capital.

LOCAL ASSET OWNERS AS PARTNERS

The afternoon conversations brought the perspective of institutions responsible for allocating capital on behalf of governments and pension-fund members. Their comments challenged any assumption that emerging markets are passive recipients waiting for international finance.

Mutapa was established to manage a portfolio of Zimbabwean state-owned enterprises, generate cash flow and ultimately invest for future generations. Chinyemba described an approach that begins with local responsibility: improving domestic assets so that international investors can participate in a more credible proposition. Mutapa can then remain as a strategic partner, helping an external investor navigate the policy environment while attracting capital and expertise into the business.

Phathutshedzo Mabogo, Deputy Chief Investment Officer of South Africa’s EPPF, offered a pension-fund perspective. Private markets compete for capital with government bonds and listed equities, which may offer attractive returns with greater liquidity and less oversight. An allocation therefore has to reward the additional work and risk involved. Regulation was not the binding constraint for EPPF; the quality and performance of available opportunities mattered more.

Mabogo also brought the discussion of impact back to fiduciary duty. EPPF evaluates investments through risk, return and impact, and successful companies may contribute through job creation, taxes and investment in their communities. But the pension fund cannot accept a poor financial outcome simply because an investment claims a social benefit. Its first obligation is to the member who expects a good pension after a lifetime of work.

He also highlighted a less frequently discussed constraint: African capital is fragmented. Currency differences, regulation and restrictions on cross-border investment mean that capital available in one part of the continent may be difficult to deploy into an opportunity elsewhere. More capital within Africa does not necessarily mean more capital available to a particular project or business.

Goldie Shturman, Head of Global Investment Funds at the US International Development Finance Corporation, illustrated another form of partnership. DFC can provide debt, equity, guarantees, political risk insurance and technical assistance. Its priorities and structures align with US policy, but its role still requires collaboration with private managers, other development institutions and investors. Governance becomes especially important in bespoke arrangements, where strategic requirements must be understood before a manager spends time developing a transaction.

Together, these perspectives suggested that partnerships work best when each participant contributes something distinct. Local institutions bring context and legitimacy. Development institutions can absorb or mitigate risks the market cannot readily take. Private managers contribute origination, structuring and ongoing oversight. This division of responsibility should preserve clear accountability by placing each risk with the party best equipped to understand or manage it.

BUILDING THE ECOSYSTEM

Sir Paul Collier's keynote widened the lens from individual investments to the conditions that allow firms and economies to grow. Africa's young workforce is often described as a demographic advantage. Collier argued that its particular strength lies in the ability of younger workers to adopt new technologies and adapt them to local needs. As workforces age elsewhere, companies may increasingly need to place more activity close to that talent.

Foreign direct investment can accelerate the process, but Collier placed particular emphasis on local small and medium-sized companies. Governments facing tighter debt constraints will struggle to expand public employment indefinitely. Private firms will therefore need to generate more of the jobs required by a growing population.

Finance alone cannot deliver that outcome. Fast-growing firms need accountants, lawyers, banks and property providers. They also benefit from experienced managers, credible role models and investors with the tacit knowledge to recognise whether a business is ready to scale. Those capabilities tend to cluster in particular cities and reinforce one another. Once enough successful firms and exits emerge, confidence and capital can gather speed.

Collier's argument also presented a challenge for international investors. The tacit knowledge required to identify and support growing local businesses often sits with institutions and people embedded in those markets. International capital therefore needs ways to access that knowledge without assuming it can be replicated from a distance. Gemcorp's emphasis on local presence, direct relationships and operating partnerships offers one response, combining institutional capital and investment discipline with capabilities rooted in the markets where that capital is deployed.

This provided a fitting conclusion to a symposium designed for people early in their careers or more experienced professionals looking to expand their knowledge of private markets. Investment systems are built partly through formal institutions and regulation, but also through professional relationships and shared experience. Bringing asset owners, managers, regulators and development specialists into the same room can help create the networks on which future collaboration depends.

The day began with a discussion of large capital gaps. It ended with a more practical proposition. Emerging markets become more investable when local knowledge sharpens the assessment of risk, careful structures protect capital and credible results encourage investors to increase allocations. The opportunity for the next generation is to strengthen those connections and turn successes into deep and well-functioning markets.

RECOMMENDED FURTHER READING

From conviction to capital. Gemcorp Capital's research based on the views of 250 investment decision-makers across 22 countries examines appetite for emerging-market private credit and the barriers that continue to shape allocations.

ADB Global Trade Finance Gap Survey 2025. The Asian Development Bank's survey explores the persistent global shortfall in trade finance and how supply-chain reorganisation is changing demand.

Trade Finance Supply in Africa. The African Development Bank's 2025 report examines the provision of trade finance after the pandemic, including the scale and distribution of unmet demand across the continent.

How African Risk Capacity works. An introduction to the African Union's risk-pooling mechanism and its use of predetermined triggers to support faster responses to extreme weather and natural disasters.

Left Behind by Sir Paul Collier. Collier's book considers why some places fail to share in wider prosperity and how institutions, skills and coordinated investment can support economic renewal.

Private Equity in Healthcare and Life Sciences by Marc Kitten and Gilles Chemla. The book offers a complete guide on how to understand PE investments in healthcare and life sciences, although its teachings can also be applied to other sectors.

We have a presence across emerging and developed markets with offices in eight locations. We use our global footprint to provide local knowledge to originate and manage investments as well as service our clients.

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IMPORTANT INFORMATION